

STATE FINANCE COMMITTEE
OLYMPIA, WASHINGTON

May 23, 2006

The State Finance Committee met in a special meeting after notice duly given to the press and radio of Thurston County.

Present: Michael J. Murphy, State Treasurer
Brad Owen, Lieutenant Governor

Also Present: Allan J. Martin, Office of the State Treasurer
Svein Braseth, Office of the State Treasurer
Bill Tonkin, Foster Pepper PLLC
Noah Crocker, Office of the State Treasurer
Dean Torkelson, Seattle-Northwest Securities
Nancy Adams, Office of the State Treasurer
Douglas Goe, Orrick, Herrington & Sutcliffe
Darlene DeRose, Montague DeRose & Assoc.
Andrew Scott, Office of the Attorney General
Tom Saelid, Office of Financial Management
Susan Mussleman, Susan D. Musselman, Inc.
Greg Blonde, Orrick, Herrington & Sutcliffe
Benjamin J. Juergens, Orrick, Herrington & Sutcliffe
Rob Shelley, Seattle-Northwest Securities
Bill Starkey, Seattle-Northwest Securities
Amy Arnis, Department of Transportation
Jeff Caldwell, Department of Transportation
Sue Melvin, Office of the State Treasurer
Debbie Kolp, Seattle-Northwest Securities
Michael Colleran, Office of the State Treasurer
Sue Penley, Office of the State Treasurer
Pam Johnson, Office of the State Treasurer
Nancy Notter, Office of the State Treasurer
Barton Potter, Office of the State Treasurer
Shelly McGuire, Office of the State Treasurer

Chairman Murphy called the meeting to order.

Lt. Governor Owen moved the minutes for the January 24, 2006 meeting be approved. Chairman Murphy seconded the motion. The motion passed and the minutes were adopted.

Mr. Martin said proposed Resolution No. 1032 provides for the issuance and sale of not to exceed \$333,165,000 State of Washington Various Purpose General Obligation Bonds, Series 2007A, authorized by Chapter 3, Laws of 2003, 1st Sp. Sess.; Chapter 18, Laws of 2003, 1st Sp. Sess.; Chapter 487, Laws of 2005; Chapter 167, Laws of 2006; and Chapter 39.42 RCW for the

purpose of providing funds to pay and reimburse the state for various state capital project expenditures, state buildings and facilities for institutions of higher education expenditures; the Hood Canal aquatic rehabilitation program; fixing the date, form, terms, maturities, redemption provisions and covenants of the Bonds; providing for certain other provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of said Bonds. The Series 2007A Bonds are proposed to be sold competitively on July 18, 2006.

Mr. Martin indicated that the Hood Canal Aquatic Rehabilitation Bond Account (fund 10T) is a new fund.

Mr. Martin presented proposed Resolution 1032 to the committee.

Resolution 1032 authorizes the issuance and sale of not to exceed \$333,165,000 State of Washington Various Purpose General Obligation Bonds, Series 2007A, authorized by Chapter 3, Laws of 2003, 1st Sp. Sess.; Chapter 18, Laws of 2003, 1st Sp. Sess.; Ch. 487, Laws of 2005; Chapter 167, Laws of 2006; and Chapter 39.42 RCW.

Lt. Governor Owen moved to adopt Resolution 1032. Chairman Murphy seconded the motion and the resolution was adopted.

Mr. Martin said proposed Resolution No. 1033 provides for the issuance of Motor Vehicle Fuel Tax General Obligation Bonds, Series 2007B, of the state, in the principal amount of not to exceed \$176,060,000, authorized by Chapter 321, Laws of 1998 (Referendum 49) (RCW 47.10.843); Chapter 147, Laws of 2003 (RCW 47.10.861); Ch. 440, Laws of 1993, as amended, (RCW 47.26.500); and Chapter 39.42. RCW for the purpose of providing funds to pay and reimburse state expenditures for construction and improvement of state and local highways, and construction of selected transportation 2003 projects or improvements, fixing the date, form, terms, maturities, redemption provisions and covenants of the Bonds; providing for certain other provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of said Bonds. The Series 2007B Bonds are proposed to be sold competitively on July 18, 2006.

Chairman Murphy explained that the difference between the amount shown on the request from the Washington State Transportation Commission (\$169,000,000) and the amount requested (\$176,060,000) is due to the Transportation Improvement Board (TIB). Mr. Martin explained that as a separate agency, the TIB made a request through the process where agencies notify the Office of the State Treasurer of their need for bond proceeds and stated that they also had requested Motor Vehicle Fuel Tax Bonds.

Mr. Martin stated that the Department of Transportation did not request any Tacoma Narrows Bridge project financing this time because they have sufficient funds at this point.

Chairman Murphy asked staff from the Department of Transportation to elaborate on the ferry projects to be funded. Amy Arnis explained that this will be for pre-design work for new vessels.

Mr. Martin presented proposed Resolution 1033 to the committee.

Resolution 1033 authorizes the issuance and sale of not to exceed \$176,060,000 State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2007B, authorized by Ch. 440, Laws of 1993, as amended, (RCW 47.26.500); Chapter 321, Laws of 1998 (Referendum 49) (RCW 47.10.843); Chapter 147, Laws of 2003 (RCW 47.10.861); and Chapter 39.42 RCW.

Lt. Governor Owen moved to adopt Resolution 1033. Chairman Murphy seconded the motion and the resolution was adopted.

Mr. Martin said proposed Resolution No. 1034 provides for the issuance and sale of not to exceed \$74,000,000, State of Washington General Obligation Bonds, Series 2007T (Taxable), authorized by Chapter 487, Laws of 2005; and Chapter 39.42 RCW, for the purpose of providing funds to pay the state for housing assistance, weatherization and affordable housing project expenditures, and the Washington State University Tri-Cities Bioproducts Facility; fixing the date, form, terms, maturities, redemption provisions and covenants of the bonds; providing for certain other provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of said bonds. The Series 2007T Bonds are proposed to be sold competitively on July 18, 2006.

Mr. Martin noted that the Office of the State Treasurer just concluded a Request for Proposal process for financial advisor services and Seattle-Northwest Securities Corp. and Montague DeRose & Assoc. will be proposed to be reselected for financial advisor services with the Office of the State Treasurer following this meeting.

Mr. Martin presented proposed Resolution 1034 to the committee.

Resolution 1034 authorizes the issuance and sale of not to exceed \$74,000,000, State of Washington General Obligation Bonds, Series 2007T (Taxable), authorized by Chapter 487, Laws of 2005; and Chapter 39.42 RCW.

Lt. Governor Owen moved to adopt Resolution 1034. Chairman Murphy seconded the motion and the resolution was adopted.

Mr. Noah Crocker said proposed Resolution No. 1035 approves the form of a State Agency Financing Lease and related documents to be entered into by the State Liquor Control Board to finance the construction and extension to the Liquor Control Board's distribution center and authorizes the issuance and sale of an amount up to \$17,000,000 of State of Washington Certificates of Participation plus financing costs and required reserves pursuant to Chapter 39.94 RCW as authorized by Chapter 488, Laws of 2005, Section 909(2).

Mr. Crocker said proceeds of the sale will be used to construct a 62,000 sq. ft. addition to the Liquor Control Board's current 160,000 sq. ft. liquor distribution facility in Seattle to allow for an increase in storage capacity and to modify the handling system to increase the volume of

cases from 17,000 per day to 30,000 per day. It anticipates construction work to begin in May, 2006, with a projected completion date of September, 2007.

The certificates of participation are to be issued pursuant to Chapter 39.94 RCW. Authorization of the certificates of participation relating to the Liquor Control Board distribution center by the State Finance Committee is being requested pursuant to an internal policy whereby no projects in the over \$6 million category will be financed without approval of the State Finance Committee by resolution.

Mr. Crocker presented proposed Resolution 1035 to the committee.

Resolution 1035 approves the form of a State Agency Financing Lease and related documents to be entered into by the State Liquor Control Board to finance the construction and extension to the Liquor Control Board's distribution center and authorizes the issuance and sale of an amount up to \$17,000,000 of State of Washington Certificates of Participation plus financing costs and required reserves pursuant to Chapter 39.94 RCW as authorized by Chapter 488, Laws of 2005, Section 909(2).

Lt. Governor Owen moved to adopt Resolution 1035. Chairman Murphy seconded the motion and the resolution was adopted.

Mr. Crocker said proposed Resolution No. 1036 approves the form of a State Agency Financing Lease and related documents to be entered into by the State Board for Community & Technical Colleges, on behalf of Clover Park Technical College to finance the construction of a Student Center and authorizes the issuance and sale of an amount up to \$14,000,000 of State of Washington Certificates of Participation plus financing costs and required reserves pursuant to Chapter 39.94 RCW authorized by Chapter 488, Laws of 2005, Section 909(5)c; Laws of 2006, Chapter 371, Regular Session, Section 222(5)b.

Mr. Crocker said proceeds of the sale will be used to construct a Student Center. The project consists of a 50,000 sq. ft. addition. They anticipate construction work to begin in June, 2006, with a projected completion date of August, 2007.

The certificates of participation are to be issued pursuant to Chapter 39.94 RCW. Authorization of the certificates of participation relating to the Clover Park Student Center by the State Finance Committee is being requested pursuant to an internal policy whereby no projects in the over \$6 million category will be financed without approval of the State Finance Committee by resolution.

Mr. Crocker presented proposed Resolution 1036 to the committee.

Resolution 1036 approves the form of a State Agency Financing Lease and related documents to be entered into by the State Board for Community & Technical Colleges, on behalf of Clover Park Technical College to finance the construction of a Student Center and authorizes the issuance and sale of an amount up to \$14,000,000 of State of Washington Certificates of Participation plus financing costs and required reserves

pursuant to Chapter 39.94 RCW authorized by Chapter 488, Laws of 2005, Section 909(5)c; Laws of 2006, Chapter 371, Regular Session, Section 222(5)b.

Lt. Governor Owen moved to adopt Resolution 1036. Chairman Murphy seconded the motion and the resolution was adopted.

Mr. Crocker said proposed Resolution No. 1037 approves the form of a State Agency Financing Lease and related documents to be entered into by the State Board for Community & Technical Colleges, on behalf of Shoreline Community College to finance the construction of a Student Union Building and authorizes the issuance and sale of an amount up to \$15,000,000 of state of Washington Certificates of Participation plus financing costs and required reserves pursuant to Chapter 39.94 RCW authorized by Chapter 488, Laws of 2005, Section 909(5)h; Laws of 2006, Chapter 371, Regular Session, Section 222(5)h.

Mr. Crocker said proceeds of the sale will be used to construct a Student Union Building. The project consists of a 59,000 sq. ft. addition. They anticipate construction work to begin in June, 2006, with a projected completion date of June, 2007.

The certificates of participation are to be issued pursuant to Chapter 39.94 RCW. Authorization of the certificates of participation relating to the Shoreline Community College student union building by the State Finance Committee is being requested pursuant to an internal policy whereby no projects in the over \$6 million category will be financed without approval of the State Finance Committee by resolution.

Mr. Crocker presented proposed Resolution 1037 to the committee.

Resolution 1037 approves the form of a State Agency Financing Lease and related documents to be entered into by the State Board for Community & Technical Colleges, on behalf of Shoreline Community College to finance the construction of a Student Union Building and authorizes the issuance and sale of an amount up to \$15,000,000 of State of Washington Certificates of Participation plus financing costs and required reserves pursuant to Chapter 39.94 RCW authorized by Chapter 488, Laws of 2005, Section 909(5)h; Laws of 2006, Chapter 371, Regular Session, Section 222(5)h.

Lt. Governor Owen moved to adopt Resolution 1037. Chairman Murphy seconded the motion and the resolution was adopted.

Chairman Murphy asked if there was any other business to come before the Committee. Mr. Martin said "no."

There being nothing further to come before the committee, the State Finance Committee meeting was adjourned at 10:19 a.m.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

Michael J. Murphy, State Treasurer & Chairman

Christine O. Gregoire, Governor & Member

Brad Owen, Lieutenant Governor & Member

Allan J. Martin
Deputy State Treasurer & Secretary